

81ST CONGRESS } HOUSE OF REPRESENTATIVES { REPORT 670
1st Session } { Part 2

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES
ACT OF 1949

MAY 25, 1949.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. HOFFMAN of Michigan, from the Committee on Expenditures in
the Executive Departments, submitted the following

MINORITY REPORT

[To accompany H. R. 4754]

The Federal Property Act of 1949, H. R. 2781, introduced by Mr. Dawson, chairman of the House Committee on Expenditures in the Executive Departments, was substantially the same as a similar bill which received favorable consideration by the Senate Expenditures Committee of the Eightieth Congress.

A subcommittee of the House Committee on Expenditures in the Executive Departments of the Eighty-first Congress, composed of four Democrats and two Republicans, held hearings on this bill and reported it favorably to the full committee which, after adding certain amendments, reported it out favorably on the 13th day of May.

Introduced on May 18, 1949, H. R. 4754, which is now before the House for consideration, as a bill to simplify the procurement, utilization, and disposal of Government property, to reorganize certain agencies of the Government, and for other purposes, and is cited as "Federal Property and Administrative Services Act of 1949", is a clean bill, purporting to carry the amendments agreed to by the full committee.

Prior to the introduction of H. R. 2781, the chairman of the committee had introduced H. R. 2641, which was a bill embodying the recommendations of the Hoover Commission on the subject of Federal supply and related activities. No hearings were held on either this bill or several other somewhat similar bills.

The original bill, H. R. 2781, transferred the Bureau of Federal Supply, the functions of the Director of Contract Settlement, and the affairs of the War Assets Administrator to the Federal Works Agency and endowed the Federal Works Administrator with certain duties and authority over the procurement, warehousing, utilization, surveying, and disposal of Government property.

H. R. 2781, as presented to the full committee, created a new agency to be known as the General Services Administration and transferred to it all the functions of Federal Works Agency and all the other duties and functions which the original bill would have placed in the Federal Works Agency.

It was said this change in name was made in order to bring the bill into line with the recommendations of the Hoover Commission on the subject of general services and supply activities.

Obviously the recommendations of the Hoover Commission contemplate a great deal more than a mere change in the name of an existing agency and clothing it with additional duties and authority.

That the subcommittee apparently held hearings and considered only H. R. 2781, which was written prior to the release of the Hoover Commission reports, is evidenced by the fact that in a number of respects to which reference is hereinafter made, H. R. 4754, does not follow the Hoover Commission recommendations.

Because of this situation, it is urged that the membership of the House give more than the usual consideration to this bill.

SIZE AND LOCATION OF NEW AGENCY

If H. R. 4754 in its present form is enacted into law the new agency which it creates—the General Services Administration—will be one of the largest independent agencies of our Government. The number of its employees was given as 60,000.

In its Report on General Management of the Executive Branch, Office of General Services (p. 28), the Hoover Commission said:

In the direction and supervision of the operations of the executive branch, the President needs an organization which will include some of the agencies that serve all the departments.

In its Report on the Office of General Services and Supply Activities (p. 1), the Commission stated further that these major internal activities of the Federal Government, namely, supply, records management, and the operation and maintenance of public buildings, now suffer from the lack of central direction.

Recommendations Nos. 1 and 3 of this unanimous report of the Hoover Commission on the Office of General Services and Supply Activities are as follows:

No. 1. The Commission recommends that responsibility for these three internal service operations should be placed in an Office of General Services under a director appointed by the President.

No. 3. The Commission recommends that the following functions, each under a director, shall be placed in the Office of General Services:

- (a) Supply.
- (b) Records management.
- (c) Operation and maintenance of public buildings.
- (d) Certain relations with the Smithsonian Institution, the National Parks and Planning Commission, the National Capital Housing Authority, the Commission of Fine Arts, and the District of Columbia.

It is clear from these recommendations and a reading of the report from which they were taken that the Commission intended that the proposed Office of General Services be comparatively small and that its functions be limited to those named, if it were to be effective.

Although the Commission's report on the Office of General Services emphasizes the close relationship between this Office and the Presi-

dent in the matter of authority and responsibility, the Commission did not state where, in the executive branch structure, this Office should be located.

The Hoover Commission task force on the Federal supply system said in its report (appendix B, p. 25):

To discharge these responsibilities effectively, the Central Supply Organization should be part of the Executive Office of the President. Such location is deemed necessary to give the organization the prestige and authority required to command respect for and compliance with its policies, rules, and regulations among the other agencies of the Government.

This bill places the new agency under the direction of the President, but it does not put it in the Executive Office, as the Commission recommended, nor apparently would it be on a level with the Bureau of the Budget.

The only two members of the Hoover Commission, Commissioners Brown and Manasco, who appeared before the committee, testified that they were in favor of the Office of General Services being in the Executive Office of the President.

At least one other witness, a representative of the Department of Agriculture, testified (pp. 64 to 69, inclusive, of the hearings) in favor of the Office of General Services being in the Executive Office of the President and on a par with the Bureau of the Budget.

Part of the testimony of Commissioner Manasco on this point is as follows:

For that reason I think that it is most important that this agency be set up in the Office of the President.

Now, the argument will probably be made that all of the executive agencies are directly under the President. That is true. He is charged with a responsibility. But you have so many responsibilities placed upon the Administrator in this bill: For instance, the surveying of departments to find out if they have any property excess to their own needs. Now if the responsible administrator goes into an executive department and starts making surveys the one involved might pick up the telephone and call the White House and say, "Get this fellow out of our hair," and they will kick him out; in all probability he would be kicked out. But if that responsibility were coming from an agency on the level with the Bureau of the Budget, although that agency or bureau would like to see him kicked out, there would be very few people who would be courageous enough to go to the President and ask him to get him out; I know that while they hate it, nevertheless, they fear the Bureau of the Budget; that is, the executive agencies.

And in order to make the organization effective it is going to have to have the same level of authority that the Bureau of the Budget has.

It is understood that Jess Larson, the present Federal Works Administrator, who under the terms of H. R. 2781, would have been the new Administrator of General Services, expressed the opinion that it would be desirable for this Office to be in the Executive Office of the President, but that if the Office is to be as large as this bill would make it, placing it there might not be practical.

This bill places in the Office of General Services a number of functions and activities which the Hoover Commission recommended be placed under other Government departments or agencies.

It is thought that confining the functions of this Office to those recommended by the Hoover Commission and locating the Office of General Services in the Executive Office of the President, offers the best opportunity for an efficient conduct of these housekeeping services, and a realization of the purposes of the Hoover Commission.

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Throughout the hearings on H. R. 2781, it was generally admitted that the accomplishments of the Bureau of Federal Supply under the Treasury Department were inadequate.

Under this bill, the supply functions of our Government will be submerged in the new agency among numerous other unrelated functions and therefore no great improvement or savings can be guaranteed.

H. R. 4754 IS CONTRARY TO CERTAIN SPECIFIC RECOMMENDATIONS OF THE HOOVER COMMISSION

Section 103 (a), in addition to transferring the Public Buildings Administration from the Federal Works Agency, also transfers to the General Services Administration the functions of Public Buildings Construction, Community Services, the Public Roads Administration, and all other functions of the Federal Works Agency.

Recommendation No. 4 of the Hoover Commission in its report on the Department of the Interior (pp. 8, 9, and 10) is as follows:

We recommend that the following agencies related to the major purposes of the Department be transferred to it:

* * * * *

(b) Public Building Construction from the Federal Works Agency.
(c) Community Services from the Federal Works Agency.

Recommendation No. 7 of the Hoover Commission in its report on the Department of Commerce (p. 21) is as follows:

The Public Roads Administration should be transferred from the Federal Works Agency to the Department (meaning Commerce Department).

The majority report of the committee fails to disclose any reason for ignoring in the provisions of this bill the Hoover Commission recommendation that Public Buildings Construction and Community Facilities be transferred to the Department of the Interior.

The majority report does excuse the transfer of the Bureau of Public Roads to the new agency rather than to the Department of Commerce as recommended by the Hoover Commission with the statement that the committee has withheld action on such transfer until some determination is made relative to the over-all program to be accepted by Congress on the reorganization of the Department of Commerce, and on the proposed consolidation of transportation agencies.

As excuses go, this one is in the "A hope and a prayer" category. The people demand prompt action and now is the time to avail ourselves of the advice of that body, and insofar as we can, follow its recommendations. We are either for the recommendations of the Hoover Commission or we are against them.

Section 205 (b) of H. R. 4754, among other things, provides that the Comptroller General shall prescribe principles and standards of accounting for property, cooperate with the Administrator and with the executive agencies in the development of property accounting systems and approve such systems when deemed to be adequate and in conformity with prescribed principles and standards.

This provision which grants additional administrative or executive authority to the Comptroller General is directly contrary to recom-

mendation No. 10 of the Hoover Commission in its Report on Budgeting and Accounting (p. 39). That recommendation is as follows:

Therefore, the Commission recommends that—

(a) An Accountant General be established under the Secretary of the Treasury with authority to prescribe general accounting methods and enforce accounting procedures. These methods and procedures should be subject to the approval of the Comptroller General within the powers now conferred upon him by the Congress.

The Commission's report states further (pp. 39 and 41) that—

Our recommendation would create a single officer in the Treasury Department with authority to prescribe a single system of fiscal accounts and to represent the executive branch in working out an administrative accounting system with the Comptroller General. The Accounting General would further supervise all departmental accounting activities throughout the executive branch and assist departments in performing their accounting duties.

We believe there is no inherent conflict between the present position of the Comptroller General and our recommendation to create the position of Accountant General.

In the task force Report on the Federal Supply System (appendix B) (p. 9), we find this statement:

It is hoped that the project on fiscal, budgeting, and accounting will recommend a clear-cut distinction between legislative and executive functions which would confine the Comptroller General's role to post audit and to reports to Congress of his findings, with recommendations for further investigation or legislative remedies.

This particular provision extending the authority of the Comptroller General was not discussed in the hearings on H. R. 2781 in relation to the above-cited recommendation of the Hoover Commission. Its inclusion in this bill can only be interpreted as an attempt to anticipate the Hoover Commission's recommendations on the subject of budgeting and accounting.

OTHER INSTANCES IN WHICH THE HOOVER COMMISSION'S RECOMMENDATIONS ARE APPARENTLY IGNORED

Section 102 (b) of H. R. 4754 transfers the Office of Contract Settlement to the General Services Administration.

As pointed out, the Hoover Commission in its Report on the Office of General Services and Supply Activities recommended that only certain functions be placed in the Office of General Services. This transfer was not recommended by the Hoover Commission.

The same is true of certain other functions which this bill transfers from the Federal Works Agency to the General Services Administration, that is, the custody and maintenance, on behalf of the National Military Establishment, of plants and machine tools in the national industrial reserve, disaster relief, and the administration of certain functions of the water-pollution-control program.

RECOMMENDATIONS

Inasmuch as the Congress authorized the Hoover Commission to make the studies and report its conclusions, and as the people, generally, without too adequate a knowledge of what is in those reports, are demanding that the Congress make the recommendations contained therein effective, we should, if possible, perfect this bill on the floor.

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The Hoover Commission spent almost \$2,000,000—spent it wisely—its reports are invaluable, but the job it undertook is but half completed.

The Hoover Commission told us of the changes that were needed, but it did not draft proposed legislation which would bring about the needed economy and efficiency.

The Hoover Commission, with the aid of experts, spent some 18 months in an effort to tell us what to do, where we should go, but it did not, because it was not a part of its job, tell us how to get there.

In the judgment of the writer of this report, the chairman of the subcommittee, Mr. Holifield, who has worked so earnestly and conscientiously on the proposed legislation, should be given by the House ample funds to employ some of the experts who served with the Hoover Commission to assist in drafting the bills which are necessary to translate those recommendations into legislation.

Respectfully submitted,

CLARE E. HOFFMAN.

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